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CANADA'S AGRICULTURAL TRADE PATTERNS

(Revision of Factsheet "Canada's Agricultural Trade Patterns," September 1976)

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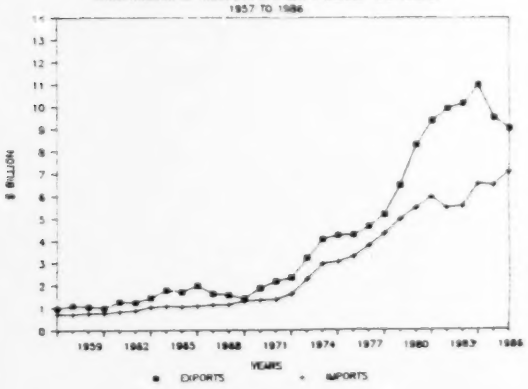
OVERVIEW

One of the most important aspects of the Canadian economy is international trade. Although agricultural[1] trade has not increased as rapidly as trade in other sectors, it has experienced steady growth in Canada (Figure 1). Throughout the period 1957-1986, the value of Canada's agricultural exports have increased 10 times while total merchandise exports have increased about 25 times. Similarly, the value of agricultural imports has increased about 10 times compared to a 20-fold increase in total merchandise imports.

Figure 1

CANADA'S AGRICULTURAL TRADE



Agricultural exports have been consistently greater than imports and have been a driving force in maintaining a positive trade balance for Canada. Agricultural exports continue to be an important aspect of Canada's farm economy representing 43% of farm cash receipts in 1976 and 44% in 1986.

The average annual value of agricultural exports has been close to $10 billion throughout 1981 to 1986 while agricultural imports increased by 16% from $6 billion in 1981-83 to $7 billion in the current period of 1984-86. These changes resulted in a decline of 25% in the agricultural trade surplus from $4 billion in 1981-83 to $3 billion in 1984-86. A decline in the value of grain and oilseed exports was the main cause of this lower trade surplus.

Ontario's share of Canada's agricultural trade was 34% in 1984-86. The value of agricultural exports and imports averaged $2 billion and $3 billion per year respectively. Further trade information with respect to Ontario's agricultural trade patterns can be obtained through a companion OMAF Factsheet, *Ontario's Agricultural Trade Patterns, Agdex 840.*

This Factsheet includes a discussion of Canada's leading agricultural exports and imports and the principal countries and regions Canada trades with such as the United States, the European Community, Eastern Europe, Asia and Latin America-Caribbean countries. In this Factsheet, three-year averages are presented to provide longer term views since annual trade data is subject to significant variations from year to year and could suggest misleading trends.

AGRICULTURAL EXPORTS

Canadian exports of agricultural products averaged $10 billion for the period 1984-86 (Table 1). The most important products exported are grains, oilseeds and related products. Other leading products exported include meats, beverages, animal products, fruits and vegetables, live animals and dairy products.

Grain and grain products continue to dominate agricultural exports accounting for 51% of the total during the period 1984-86. Wheat and wheat flour of the spring variety, considered to be among the best bread wheat produced in the world, was the most important grain export. Average exports of 10 million metric tonnes per year were valued at approximately $2 billion dollars annually throughout the period. Barley was the most important coarse grain export in the 1984-1986 period, averaging 6 million metric tonnes, valued close to $568 million. The USSR, East Germany and Japan have generally been large export markets for Canadian barley.

[1] *Agricultural products as defined by the Ontario Ministry of Agriculture and Food (OMAF) includes all raw farm products, non-food products of farm origin to the first stage of processing (except tobacco which is included at all stages of processing) and food and beverages (non-alcoholic and alcoholic) of principally farm origin at all stages of processing.*

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Table1 Trade of Agricultural Products by Major Groupings,Canada, Average, 1984–1986

Product Group	Canada Exports	Canada Imports	Trade Balance
		– $ '000 –	
Beverages	545,619	432,097	113,522
Dairy	217,468	116,891	100,577
Fruits	114,048	1,362,605	-1,248,557
Vegetables	441,714	771,959	-330,245
Grain, grain products, animal feeds	4,985,741	446,896	4,538,845
Live animals	410,682	83,683	326,999
Meats	855,438	384,125	471,313
Nuts	2,284	136,709	-134,425
Oil seeds and oil seed products	1,075,691	496,135	579,556
Poultry and eggs	47,388	111,088	-63,700
Sugar and confectionery	202,570	451,053	-248,483
Plantation crops	82,760	914,443	-831,683
Other agricultural products	853,089	1,000,143	-147,054
Total	9,834,492	6,707,828	3,126,664

Source: Statistics Canda, External Trade Division

Present world trade in wheat is about 87 million metric tonnes of which Canada accounts for approximately 21%. Other major wheat exporters are the U.S., Argentina, Australia and France. In the last few years, surplus production and government subsidization of exports in the U.S. and EC has had a depressing effect on world wheat prices. At the same time, world trade in wheat has declined as a result of increased self-sufficiency in traditional importing countries.

Exports of oilseeds and oilseed products were valued at $1 billion in 1984-86 accounting for 11% of the total value of Canadian agricultural exports. Throughout 1984-86, 79% of canola was imported by Japan at a value of $461 million. Flaxseed exports have gained in importance in recent years, averaging $194 million in 1984-86. The major markets for flaxseed were West Germany, the Netherlands and Japan.

Exports of live animals averaged $411 million for the period 1984-86. The current level of live animal exports has increased substantially in value compared to the 1981-83 average of $269 million. The primary export market for live animals, mainly of cattle and hogs, remains the United States. U.S. imports accounted for 89% of the value of live animal exports in 1984-86. Since the U.S. imposed countervailing duties on Canadian live hogs in 1985, the level of exports has declined substantially from $435 million in 1985 to $310 million in 1986.

Exports of meats, primarily beef and pork, averaged $855 million for the 1984-86 period. Pork dominated the exports of red meats as it accounted for 69% of the total. The U.S. is the major importer of Canadian pork accounting for 76% of the pork exports which were valued at $401 million. Beef (fresh or frozen) exports, valued at $201 million in 1984-86, are also primarily exported to the U.S. accounting for 91% of the total value of Canadian beef exports.

Animal product exports averaged $461 million in 1984-86, up from 1981-83 by 17%. These were mainly in the form of raw cattle hide and tallow.

The export of fresh, frozen and canned fruits and vegetables (including potatoes) averaged $556 million in 1984-86, up from 1981-83 by $82 million. The major fruits, vegetables and related products exported, mainly to the U.S., include fresh apples, crab apples and raspberries, frozen blueberries, fruit juices, fresh potatoes, frozen potato products, dried white pea beans, peas and lentils.

Exports of beverages averaged $546 million. Alcoholic beverages represented nearly all of the Canadian beverages exported. The principal alcoholic beverages exported for 1984-86 were beer, valued at $171 million and whisky valued at $346 million. The leading importer of Canadian alcoholic and non-alcoholic beverages is the U.S. valued at $526 million and representing 96% of Canada's beverage exports.

Exports of dairy products have declined over the years from $244 million in 1981-83 to $217 million in 1984-86. This is largely the result of increased price competition from subsidized EC exports. The principal dairy exports are skim milk powder, evaporated milk, and cheddar cheese.

AGRICULTURAL IMPORTS

Canada imported an average of $7 billion worth of agricultural products throughout 1984-86. Fruits and vegetables are the most important products imported. Canada has been steadily increasing its imports of fruits and vegetables over the years. Other leading agricultural products imported into Canada in order of importance are plantation crops, grains, oil seeds and related products, sugar and confectionery, beverages and meats. Imports of plantation crops, beverages and meats have been increasing while imports of grains, oilseed products and sugar products have been declining.

Canada's growing season limits the production of certain crops for much of the year. Domestic production of such crops, particularly fresh and processed fruits and vegetables, is not sufficient to meet domestic needs year round.

In 1984-86, exports of fresh and processed fruits and vegetables (including potatoes) were valued at $556 million while imports of these commodities were $2.1 billion. Fruits and vegetables accounted for about 20% and 12% respectively, in value terms, of all agricultural products imported into Canada for the 1984-86 period. The U.S. is the principal exporter of vegetables to Canada accounting for 67% of the fruits and vegetables imported. These were valued at $1.4 billion in 1984-86.

Canada's imports of plantation crops averaged $914 million for the period 1984-86. Imports of these crops have gained in value since 1981-83 by $223 million. The most important crops imported include: cocoa beans mainly from Brazil, green coffee primarily from Brazil, Columbia, and El Salvador, instant coffee originating from Brazil and crude natural rubber latex from countries such as Malaysia, Singapore and Indonesia.

Imports of grains, oilseeds and related products were valued at $844 million for the period 1984–86. The value of grain imports decreased from $177 million in 1981-83 to $146 million in 1984-86. This was largely due to a significant decrease in shelled corn imports from the U.S. Similarly, the value of oilseed imports declined from $202 million in 1981-83 to $150 million in 1984-86 due to a substantial decrease in imports of soybeans. Imports of related products increased significantly from $398 million in 1981-83 to $550 million in 1984-86. Increases in the volume imported occurred for bakery, macaroni and cereal grain products as well as soybean oilcake and meal. The principal supplier of grains, oilseeds and related products is the U.S.

Imports of sugar and confectionery averaged $451 million for the period 1984-86. Imports of such products have been decreasing in value in general over the years from $466 million in 1981-83 to the current 1984-86 average. The major supplier of refined sugar and confectionery is the U.S. accounting for $118 million of the total. Australia is the leading exporter of raw sugar to Canada averaging $104 million in the period 1984-86.

Imports of beverages, up from the previous 3-year average by $93 million, were valued at $432 million in 1984-86. Alcoholic beverages represented virtually all the beverages imported into Canada for that same period. The leading alcoholic beverages imported in 1984-86 included wines primarily from France, Italy and West Germany, liqueurs mainly supplied by Ireland and France, and whisky from the U.K.

Canadian imports of meats, dominated by beef followed by pork, mutton and lamb, averaged $384 million for the period 1984-86. The main suppliers of beef are the U.S., New Zealand and Australia. The EC had become a major supplier of beef but since the imposition of temporary import controls in 1985 and countervailing duties to offset export subsidies in mid-1986, imports have declined substantially.

Imports of dairy products averaged $117 million while poultry and egg imports were valued at $111 million for the period 1984-86. In order to support supply management schemes, Canada limits imports of dairy, poultry and egg products.

PRINCIPAL REGIONS AND COUNTRIES TRADING AGRICULTURAL PRODUCTS

Canada's major agricultural trading partners are the U.S., EC, Japan, Eastern Europe, Asia and Latin America-Caribbean countries (Figure 2). These countries and regions accounted for 90% of Canada's agricultural exports of $9.7 billion and 90% of imports of $6.7 billion.

United States (U.S.)

Agricultural trade with the U.S. accounts for 30% of Canada's agricultural exports and 54% of imports. In the period 1984-86, agricultural imports from the U.S. were close to $4 billion while agricultural exports to the U.S. represented approximately $3 billion per year. Overall, agricultural exports and imports climbed moderately, up by $1 billion and $412 million respectively from the previous 3 year average in 1981-83.

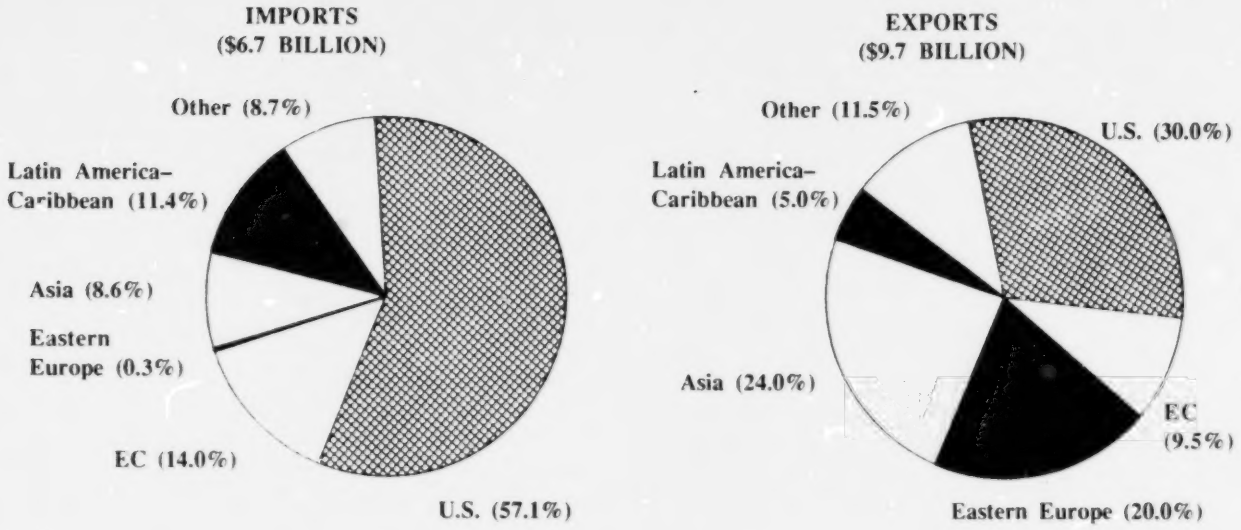
Fresh produce such as fruits and vegetables continues to represent a major proportion of Canada's imports from the U.S. Leading Canadian exports to the U.S. are live animals, red meats and alcoholic beverages.

European Community (EC)

The EC consists of 12 western European countries which are organized to form a large trading block. The trade policies adopted by the EC countries have a significant impact on EC-Canada agricultural trade.

In the period 1984-86, Canadian agricultural exports to the EC averaged $953 million or about 9% of Canada's agricultural exports. Imports of agricultural products during this period averaged $977 million or 15% of Canada's agricultural imports. In terms of the balance of trade, Canada went from

Figure 2
CANADA'S AGRICULTURAL IMPORTS AND EXPORTS BY ORIGIN
1984–1986 AVERAGE



a surplus of $612 million in 1981-83 to a deficit of $24 million in 1984-86. Leading Canadian exports destined to the EC are wheat and oilseeds.

Eastern Europe

Agricultural trade with Eastern Europe accounts for a trade surplus of $2 billion in 1984-86, down from the previous 3 years by $431 million. Although Eastern Europe is Canada's third largest export market, Canada's agricultural exports destined to Eastern Europe have declined over the past 6 years. Between 1981-83 and 1984-86, agricultural exports to Eastern Europe decreased by $429 million. On the import side, Eastern Europe provides very little in terms of agricultural goods accounting for only 0.3% of Canada's agricultural imports valued at $22 million for the period 1984-86. The leading countries Canada trades with are the USSR, Poland and Hungary. Canada exports primarily wheat and barley.

Asia

Asia, Canada's second largest trading region, receives a substantial proportion of Canadian agricultural exports. In the period 1984-86, the value of agricultural exports to Asia were about $2.4 billion, 4 times the value of agricultural imports from Asia. The principal exports are wheat and canola. On average for 1984-86, Asia represented 25% of the Canadian agricultural exports and accounted for 7% of the Canadian agricultural imports. Canadian agricultural exports to Asia have declined during the period 1984-86 while imports have increased. Overall, Canada has a trade surplus with Asia averaging $2 billion for the period 1984-86. The principal trading countries are Japan and the People's Republic of China.

Latin America-Caribbean Countries

Canada held a deficit account of $294 million with the Latin America-Caribbean countries for the period of 1984-86. The major trading relationships are with Brazil, Columbia, Puerto Rico and Cuba. In that same period, Latin America accounted for $501 million in Canadian agricultural exports compared to $795 million in agricultural imports to Canada. Caribbean countries were responsible for $356 million in Canadian agricultural exports and $135 million in agricultural imports to Canada for the period 1984-86, representing a trade surplus account of $221 million for Canada. Canada primarily exports wheat to Latin America-Caribbean countries.

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